

Q2



Mammoth Lakes Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2008)

Mammoth Lakes In Brief

Receipts for Mammoth Lakes' April through June sales were 6.1% lower than the same quarter one year ago. Actual sales were down 8.0% when reporting aberrations were factored out.

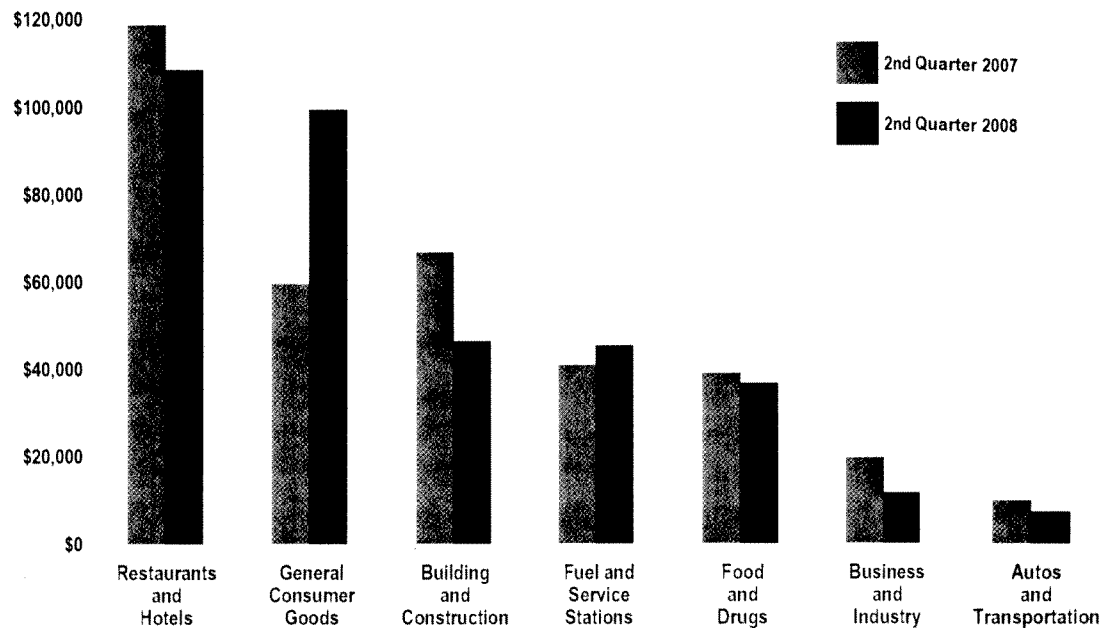
A decrease in city's allocation from the county use tax pool was primarily responsible for the current decline. A onetime payment that temporarily inflated last year's allocation caused the drop in contractor supplies.

The city experienced a decrease in sales from lumber/building materials, food & drugs and the business & industry sector. A double-up payment that inflated year-ago returns exaggerated the drop in restaurants.

The losses were partially offset by the double-up of previously late payments from sporting goods/bike stores and a onetime accounting adjustment that negatively impacted last year's allocation from family apparel.

Taxable sales for all of Mono County declined 3.9% over the comparable time period while the Sierra region, as a whole, was down 7.1%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS In Alphabetical Order

Alpine Paint	Mammoth Shell Mart
Amerigas Propane	Mammoth Sporting Goods
Coach	McDonalds
Country Glass	Norco Service Center
First Street Leather Mammoth	Polo Ralph Lauren
Footloose Sports	Rite Aid
Good Life Cafe	Robertos Mexican Cafe
High Country Lumber & Bldg Supply	Van Heusen
Kittredge Sports	Volcano Sports
Lumber City	Vons
Main Lodge	Wave Rave
Mammoth Chevron	Snowboard Shop
Mammoth Mountaineering Supply	Whiskey Creek

REVENUE COMPARISON

One Quarter – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$353,714	\$353,970
County Pool	100,398	72,846
State Pool	388	(101)
Gross Receipts	\$454,501	\$426,715
Less Triple Flip*	\$(113,625)	\$(106,679)

**Reimbursed from county compensation fund*

Statewide Sales Decline Continues

After adjusting for accounting aberrations, California's taxable sales for April through June declined four percent from the same quarter of 2007.

The losses were felt throughout California although recent store openings in Yolo County and fuel-related purchases in San Francisco, San Mateo and Kern Counties allowed those specific regions to give the appearance of overall gains. Generally, the Sacramento/Stockton, Riverside/San Bernardino and Solano County areas had more severe declines than the rest of the state.

Double digit declines in auto and building-related sales continued to be the primary contributors to the decrease. Another quarter of record increases in fuel prices provided a significant offset to the losses in other business categories.

The spring sales data suggest that consumers are shopping down to lower priced goods and restaurant meals with fewer discretionary purchases. Although consumer electronics reported modest gains, the only other positive categories were discount department stores and value priced family apparel.

The News is Not Getting Better

Local agencies will not see the results of their July through September sales until the end of December. However, preliminary data from various government and trade association surveys indicate that taxable sales will continue to fall.

Auto manufacturers are reporting another quarter of double digit declines and most industry analysts are pushing their predictions for an auto sales recovery out to 2010.

Retailers of apparel and general consumer goods are reporting sluggish fall sales and disappointment in the back to school buying season which failed to live up to expectations raised by the

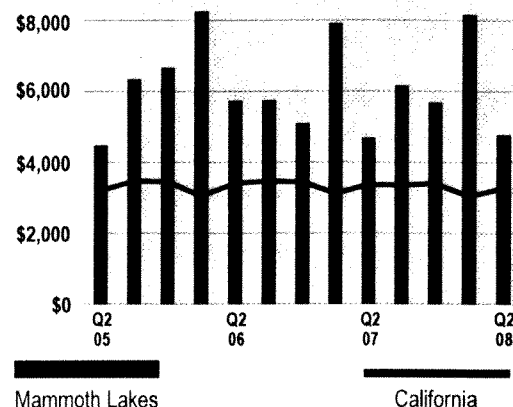
federal tax rebate stimulus. Latest predictions are for the lowest holiday spending since 1991.

Despite the federal credit rescue, liquidations of commercial real estate debt and continued housing oversupply make an immediate recovery in construction activity unlikely. Although institutional and public projects will help, a significant recovery in sales tax from building-related goods and services is not expected until after 2010.

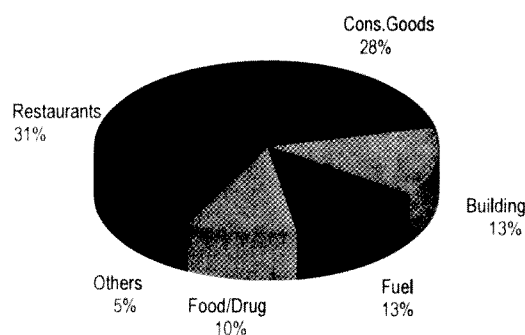
With some of California's biggest overseas markets going into recession, sales tax from business spending on capital equipment, supplies and fuel is also expected to level off. OPEC has cut production quotas to hold prices up against falling demand.

Every agency's sales tax revenues will differ with the makeup of its specific base and some agencies with new projects will be buffered from declines in other areas. However, for the state as a whole, current forecasts are for a downturn that may last through fiscal year 2009/2010.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Mammoth Lakes This Quarter



MAMMOTH LAKES TOP 15 BUSINESS TYPES

Business Type	Mammoth Lakes		HdL State
	Q2 '08	Change	Change
Sporting Goods/Bike Stores	\$44,137	163.7%	-3.6%
Service Stations	35,063	5.4%	18.3%
Restaurants Beer And Wine	32,764	-2.2%	-6.8%
Hotels-Liquor	30,465	-8.7%	-1.7%
Restaurants Liquor	30,211	-11.0%	3.2%
Lumber/Building Materials	29,565	-22.9%	-17.9%
Family Apparel	28,779	362.8%	4.8%
Grocery Stores Liquor	— CONFIDENTIAL —		2.4%
Restaurants No Alcohol	13,700	-17.0%	-2.5%
Drug Stores	— CONFIDENTIAL —		-0.6%
Fuel/Ice Dealers	10,120	34.4%	20.6%
Paint/Glass/Wallpaper	9,877	-18.1%	-13.2%
Home Furnishings	7,037	-30.5%	-14.0%
Contractors	4,618	-70.8%	-15.7%
Specialty Stores	4,033	-56.5%	-2.2%
Total All Accounts	\$353,970	0.1%	-1.9%
County & State Pool Allocation	72,745	-27.8%	
Gross Receipts	\$426,715	-6.1%	